

National Credit Union Administration



Operating Fund

***Financial Highlights
May 31, 2005***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
May 31, 2005

Balance Sheet

Overnight Investments decreased \$2.5 million for payment of operating expenses; inflows from income sources were lower since operating fees are substantially complete.

Accounts Receivable decreased \$1.3 million mainly as a result of approximately \$1.3 million in operating fees being collected.

Home Purchase Program decreased \$290,000 (net) as a result of the sale of three employee residences and the purchase of one employee's residence. Currently, there is one house in the Home Purchase Relocation Program.

Accrued Employee Compensation increased by \$691,000 due to the accrual for 12 days at the end of May versus only 10 days in the previous month. On the first working day of the month, the accruals are reversed.

Other Current Liabilities decreased \$4.9 million. Monthly recognition of deferred income caused the majority of the decrease.

Statement of Revenue and Expense

Net income for the month was \$703,000 higher than planned due to all expenses being under budget.

Statement of Cash Flow

Cash decreased by \$2.5 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of May 31, operating fees of approximately \$182,000 remain outstanding.

Budget (Year-to-Date)

Agency spending was under budget by \$7.1 million or 11.6 percent. Pay, benefits and travel were under budget by 10.0 percent, and comprised \$5.2 million or approximately three-quarters of the total budget variance. The remaining variance of \$1.9 million was derived mainly from contracted services.

Vacancies

The agency had 52 vacancies as of May 28 -- down from 54 in April. Of the 52 vacancies, there were 28 vacancies in the central office, 10 vacancies in the regional offices and AMAC, and 14 vacancies in the field staff. The 52 vacancies represent 5.41 percent of total authorized staff of 960.97.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
May 31, 2005

| | May 2004 | April 2005 | May 2005 |
|---|--------------------------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| ASSETS: | | | |
| Current Assets | | | |
| Cash | \$5,315.77 | \$5,356.11 | \$5,091.52 |
| Overnight Investments | 61,083,000.00 | 61,445,000.00 | 58,986,000.00 |
| Accounts Receivable | 1,659,513.80 | 1,846,923.15 | 521,347.46 |
| Interest Receivable | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 563,704.00 | 663,025.84 | 911,587.64 |
| Home Purchase Program | 317,144.45 | 571,165.33 | 281,564.13 |
| Other | 276,068.63 | (500.00) | (1,095.13) |
| <i>Total Current Assets</i> | <u>63,904,746.65</u> | <u>64,530,970.43</u> | <u>60,704,495.62</u> |
| Property, Plant, and Equipment | | | |
| Land | 3,946,263.95 | 3,946,263.95 | 3,946,263.95 |
| Buildings | 28,896,487.00 | 28,269,687.00 | 28,196,782.00 |
| Capital Lease | 1,939,076.36 | 987,772.13 | 867,477.13 |
| Equipment | 1,886,134.09 | 2,072,449.09 | 2,138,008.09 |
| Other | 0.00 | 0.00 | 0.00 |
| <i>Total Property, Plant, and Equipment</i> | <u>36,667,961.40</u> | <u>35,276,172.17</u> | <u>35,148,531.17</u> |
| TOTAL ASSETS | <u><u>100,572,708.05</u></u> | <u><u>99,807,142.60</u></u> | <u><u>95,853,026.79</u></u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES: | | | |
| Current Liabilities | | | |
| Accounts Payable | 2,683,339.02 | 1,302,837.63 | 1,258,443.62 |
| Accrued Employee Compensation | 13,966,902.72 | 14,108,176.90 | 14,799,670.21 |
| Other Current Liabilities | 35,309,416.06 | 41,381,543.88 | 36,432,399.67 |
| <i>Total Current Liabilities</i> | <u>51,959,657.80</u> | <u>56,792,558.41</u> | <u>52,490,513.50</u> |
| Non-Current Liabilities | | | |
| Notes Payable | 25,924,792.42 | 24,695,599.73 | 24,583,854.94 |
| Other | 1,861,055.27 | 818,464.42 | 816,741.48 |
| <i>Total Non-Current Liabilities</i> | <u>27,785,847.69</u> | <u>25,514,064.15</u> | <u>25,400,596.42</u> |
| TOTAL LIABILITIES | <u><u>79,745,505.49</u></u> | <u><u>82,306,622.56</u></u> | <u><u>77,891,109.92</u></u> |
| FUND BALANCE: | | | |
| Beginning Balance | 17,246,526.20 | 14,934,623.95 | 14,934,623.95 |
| Current Year Earnings | 3,580,676.36 | 2,565,896.09 | 3,027,292.92 |
| TOTAL FUND BALANCE | <u><u>20,827,202.56</u></u> | <u><u>17,500,520.04</u></u> | <u><u>17,961,916.87</u></u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u><u>\$100,572,708.05</u></u> | <u><u>\$99,807,142.60</u></u> | <u><u>\$95,853,026.79</u></u> |

National Credit Union Administration Operating Fund
Statement of Revenue & Expense
May 31, 2005

| | May 2005 Monthly Actual | May 2005 Monthly Budget | May 2005 Year-To-Date Actual | May 2005 Year-To-Date Budget | May 2004 Year-To-Date Actual |
|---|-------------------------------|-------------------------------|------------------------------------|------------------------------------|------------------------------------|
| REVENUE: | | | | | |
| Interest Income | \$165,941.01 | \$41,666.67 | \$380,307.00 | \$208,333.31 | \$140,129.38 |
| Program-related Income | 5,167,017.50 | 5,067,500.00 | 25,795,329.39 | 25,337,500.00 | 24,738,026.70 |
| Other Income | 11,598.40 | 12,500.00 | 74,675.07 | 62,500.00 | 47,643.64 |
| Total Revenue | <u>5,344,556.91</u> | <u>5,121,666.67</u> | <u>26,250,311.46</u> | <u>25,608,333.31</u> | <u>24,925,799.72</u> |
| EXPENSES: | | | | | |
| Employee Pay | 2,997,388.00 | 3,250,771.57 | 14,543,801.66 | 15,818,311.84 | 13,634,636.93 |
| Employee Benefits | 774,460.20 | 839,661.32 | 3,812,747.14 | 4,089,068.00 | 3,461,628.10 |
| Employee Travel | 452,264.28 | 459,343.84 | 1,616,056.62 | 2,296,719.06 | 1,485,021.23 |
| Rent/Communications/Utilities | 132,337.57 | 140,828.50 | 596,034.18 | 704,142.85 | 767,706.27 |
| Administrative Costs | 302,919.17 | 376,191.59 | 1,873,480.76 | 1,880,957.59 | 1,284,615.97 |
| Contracted Services | 223,790.86 | 296,930.04 | 780,898.18 | 1,484,649.89 | 711,514.86 |
| Total Expenses | <u>4,883,160.08</u> | <u>5,363,726.86</u> | <u>23,223,018.54</u> | <u>26,273,849.23</u> | <u>21,345,123.36</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | <u><u>\$461,396.83</u></u> | <u><u>(\$242,060.19)</u></u> | <u><u>\$3,027,292.92</u></u> | <u><u>(\$665,515.92)</u></u> | <u><u>\$3,580,676.36</u></u> |

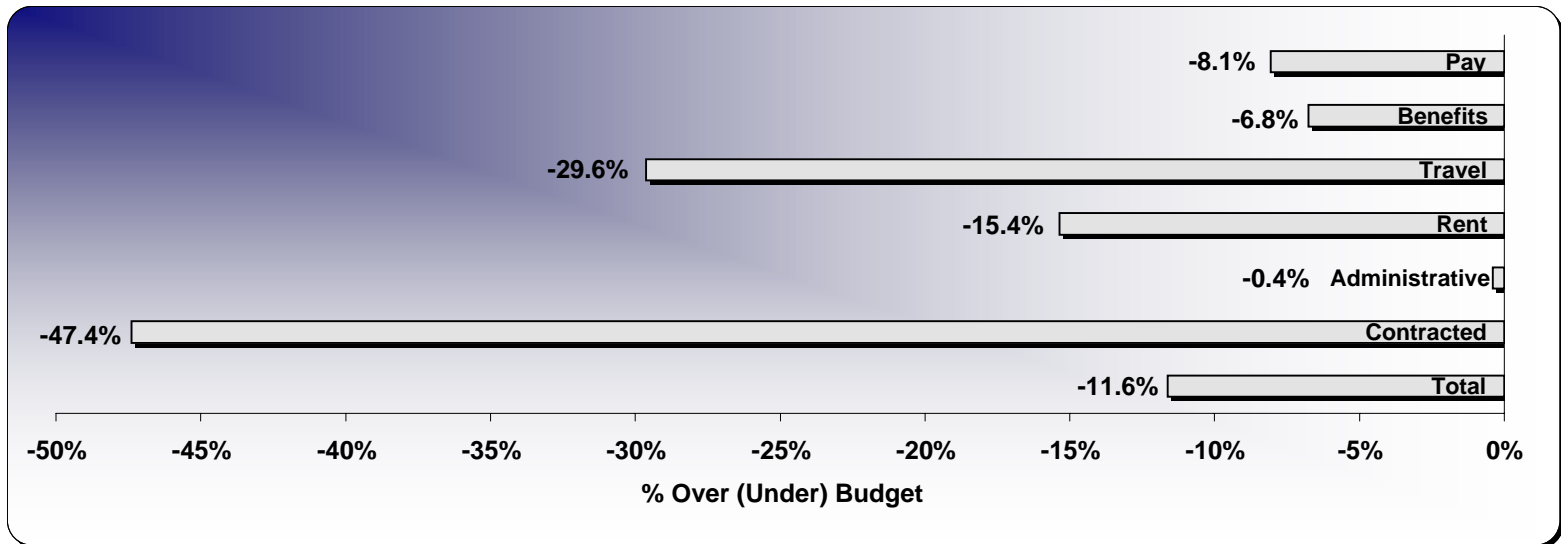
National Credit Union Administration Operating Fund
Statement of Cash Flow
May 31, 2005

| | Month May 2004 | Month May 2005 | Y-T-D May 2004 | Y-T-D May 2005 |
|--|------------------------|-------------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Income from operating fees | \$11,847,510.61 | \$1,264,298.06 | \$59,086,646.06 | \$61,781,639.81 |
| Interest received from cash and cash equivalents | 45,421.71 | 165,941.01 | 140,129.38 | 380,307.00 |
| Other income received | 15,553.85 | 11,598.40 | 47,643.64 | 74,675.07 |
| (Cash paid for operating expenses) | (3,523,041.70) | (3,860,393.98) | (20,207,766.35) | (19,408,994.21) |
| Net cash (used) provided by operating activities: | <u>8,385,444.47</u> | <u>(2,418,556.51)</u> | <u>39,066,652.73</u> | <u>42,827,627.67</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Proceeds (purchases) of fixed assets | (192,283.63) | (175,633.20) | (774,169.44) | (512,954.39) |
| (Capital lease payments) | (6,240.51) | (2,047.94) | (778,778.74) | (743,191.42) |
| Proceeds (purchases) home purchase program | 0.00 | 248,717.85 | (317,144.45) | (248,469.06) |
| Net cash (used) in investing activities | <u>(198,524.14)</u> | <u>71,036.71</u> | <u>(1,870,092.63)</u> | <u>(1,504,614.87)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| (Repayments) of notes payable | (111,744.79) | (111,744.79) | (558,723.95) | (558,723.95) |
| Net cash (used) in financing activities | <u>(111,744.79)</u> | <u>(111,744.79)</u> | <u>(558,723.95)</u> | <u>(558,723.95)</u> |
| NET INCREASE (DECREASE) IN CASH | 8,075,175.54 | (2,459,264.59) | 36,637,836.15 | 40,764,288.85 |
| Cash and cash equivalents at beginning of period | 53,013,140.23 | 61,450,356.11 | 24,450,479.62 | 18,226,802.67 |
| Cash and cash equivalents at end of period | <u>\$61,088,315.77</u> | <u>\$58,991,091.52</u> | <u>\$61,088,315.77</u> | <u>\$58,991,091.52</u> |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Net income (loss) | <u>\$1,170,002.43</u> | <u>\$461,396.83</u> | <u>\$3,580,676.36</u> | <u>\$3,027,292.92</u> |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 174,389.99 | 303,274.20 | 793,191.73 | 1,358,150.09 |
| Unrealized (gain) loss | 0.00 | 27,358.37 | 0.00 | 71,478.11 |
| (Gain) loss on disposal of fixed assets | 0.00 | 0.00 | 3,720.00 | 0.00 |
| (Gain) loss on disposal of homes | 0.00 | 13,524.98 | 0.00 | 13,524.98 |
| Interest expense on leases | 5,659.27 | 325.00 | 38,587.33 | 11,916.54 |
| Miscellaneous allowances | (2,898.14) | 0.00 | (1,322.36) | (0.00) |
| Change in current assets and liabilities | | | | |
| (Increase) decrease in assets: | | | | |
| SIF repayment of Operating Fund for leases | 0.00 | 0.00 | 211,747.06 | 211,747.06 |
| Accounts receivable | 11,519,353.17 | 1,325,575.69 | 781,645.40 | 306,214.59 |
| Interest receivable | 0.00 | 0.00 | 583.97 | 0.00 |
| Prepaid expenses | 82,494.84 | (248,561.80) | (296,486.32) | (323,580.54) |
| Other assets | (276,068.63) | 595.13 | (276,068.63) | 1,095.13 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 1,283,533.06 | (44,394.01) | 231,638.68 | (1,060,135.85) |
| Accrued employee compensation | (854,594.71) | 691,493.31 | (1,752,693.70) | 2,838,882.97 |
| Other non current liabilities | 85,818.35 | (0.00) | 308,808.20 | (0.00) |
| Other current liabilities | (4,802,245.16) | (4,949,144.21) | 35,442,625.01 | 36,371,041.67 |
| Total adjustments | <u>7,215,442.04</u> | <u>(2,879,953.34)</u> | <u>35,485,976.37</u> | <u>39,800,334.75</u> |
| Net cash (used) provided by operating activities | <u>\$8,385,444.47</u> | <u>(\$2,418,556.51)</u> | <u>\$39,066,652.73</u> | <u>\$42,827,627.67</u> |

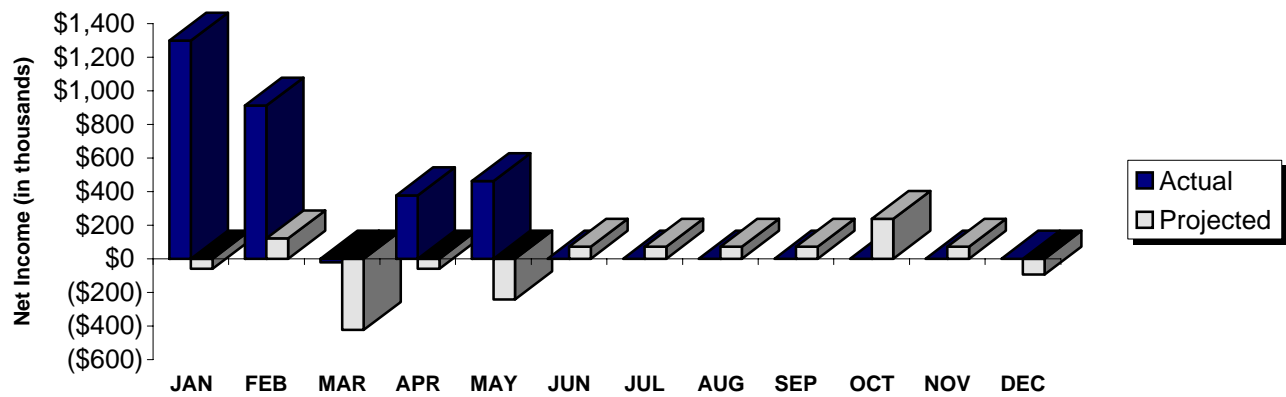
National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
May 31, 2005

| | 2005 | | | | 2004 | | | |
|--|------------|------------|-------------|--------|------------|------------|-------------|--------|
| | BUDGET | ACTUAL | DIFFERENCE | % DIFF | BUDGET | ACTUAL | DIFFERENCE | % DIFF |
| Employee Pay | 36,786,772 | 33,822,795 | (2,963,977) | -8.1% | 36,496,123 | 33,917,007 | (2,579,116) | -7.1% |
| Benefits | 9,509,460 | 8,866,854 | (642,607) | -6.8% | 9,335,950 | 8,611,015 | (724,934) | -7.8% |
| Travel | 5,341,207 | 3,758,271 | (1,582,936) | -29.6% | 5,621,740 | 3,694,083 | (1,927,657) | -34.3% |
| Rent, Communications, & Utilities | 1,637,542 | 1,386,126 | (251,416) | -15.4% | 1,852,235 | 1,909,717 | 57,483 | 3.1% |
| Administrative | 4,374,320 | 4,356,932 | (17,388) | -0.4% | 5,273,105 | 3,195,562 | (2,077,543) | -39.4% |
| Contracted Services | 3,452,674 | 1,816,042 | (1,636,632) | -47.4% | 3,409,687 | 1,769,937 | (1,639,750) | -48.1% |
| TOTAL | 61,101,975 | 54,007,020 | (7,094,955) | -11.6% | 61,988,839 | 53,097,322 | (8,891,517) | -14.3% |

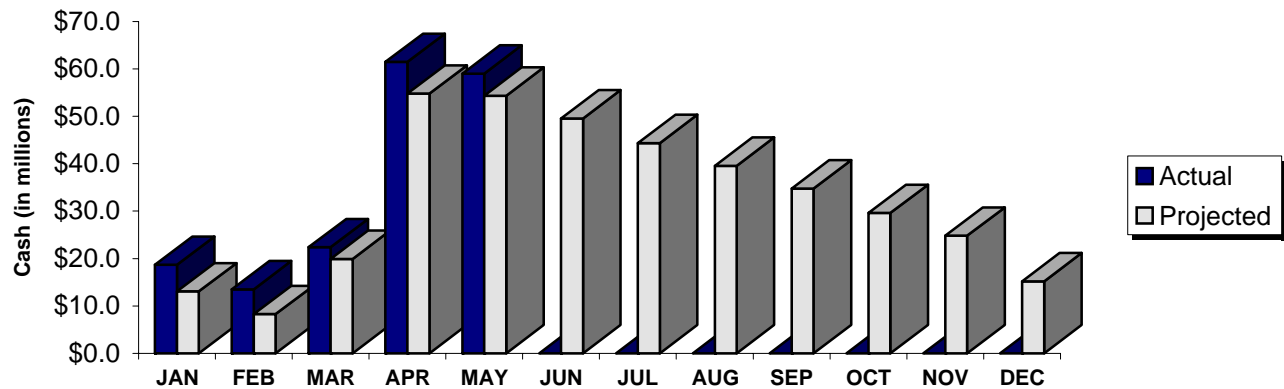
Percent Over (Under) Budget
May 31, 2005



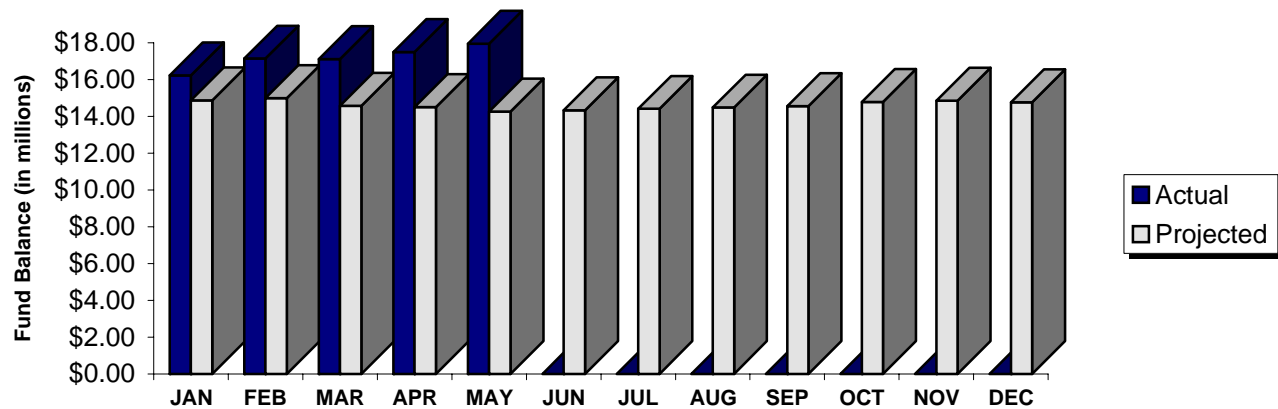
Actual & Projected Net Income (2005)



Actual & Projected Cash Balance (2005)



Actual & Projected Fund Balance (2005)



National Credit Union Administration Operating Fund
Ratios
May 31, 2005

| BALANCE SHEET | May 2004 | May 2005 |
|--|-----------------|-----------------|
| <u>Liquid assets / Total assets</u> | 60.74% | 61.54% |
| <u>Current assets / Total assets</u> | 63.54% | 63.33% |
| <u>Fixed assets / Total assets</u> | 36.46% | 36.67% |
| <u>Current liabilities / Total assets</u> | 51.66% | 54.76% |
| <u>Non current liabilities / Total assets</u> | 27.63% | 26.50% |
| <u>Retained Earnings / Total assets</u> | 20.71% | 18.74% |
| STATEMENT OF REVENUE & EXPENSE | | |
| <u>YTD Interest & other income / Total revenue</u> | 0.75% | 1.73% |
| <u>YTD Program related income / Total revenue</u> | 99.25% | 98.27% |
| <u>YTD Expenses / Total revenue</u> | 85.63% | 88.47% |
| <u>YTD Net income / Total revenue</u> | 14.37% | 11.53% |
| CASH | | |
| <u>Net year to date cash inflow (outflow) in millions of dollars</u> | \$36.6 | \$40.8 |
| <u>Cash end of month - Cash beginning of year / Cash BOY</u> | 149.8% | 223.7% |
| <u>Cash and cash equivalents / Total assets</u> | 60.7% | 61.5% |